





A COMMUNITY OF POSSIBILITIES

VIRTUAL**Number:** (346) 248-7799**Meeting ID:** 93839434337#**Passcode:** 654170#**IN PERSON**

818 S. Flores St.

San Antonio, TX 78204

BOARD OF DIRECTORSDr. Ana "Cha" Guzmán
ChairOlga Kauffman
Vice ChairGilbert Casillas
DirectorDalia Contreras
DirectorLoren D. Dantzler
DirectorGabriel Lopez
DirectorIgnacio Perez
Director**PRESIDENT & CEO**

Ed Hinojosa, Jr.

SAN ANTONIO HOUSING FACILITY CORPORATION MEETING**1:00 p.m. | Wednesday | October 12, 2022**

At least four Commissioners will be physically present at this location, and up to three other Commissioners may attend by videoconferencing, as permitted by Tex. Gov't Code Section 551.127, and the Presiding Officer will also be present at this location.

MEETING CALLED TO ORDER

1. The Board of Directors or its Committee may hold a closed meeting pursuant to Texas Government Code § 551.071-076 for consultation concerning attorney-client matters, real estate, litigation, personnel, and security matters. The Board or Committee reserves the right to enter into closed meeting at any time during the course of the meeting.

PUBLIC COMMENT

2. **Public Comment** - Citizens are provided up to three minutes each to speak to any agenda items. Citizens wishing to speak to items posted on the agenda should access Phone Number: **(346) 248-7799** and enter Meeting ID: **93839434337#** and Passcode: **654170#**, prior to 12:45 p.m. A Spanish/English translator will be available to citizens needing translation.

Now is the time for public comments. The Board asks the public to address concerns related to Opportunity Home matters and policy and not include statements that may be considered defamatory of any individual. The Board encourages members of the public to direct specific concerns or problems to Opportunity Home staff for more prompt resolution. The Board will not discuss the comments of speakers or respond to speakers during the public comment portion of the agenda.

MINUTES

3. Minutes
 - Approval of the September 7, 2022, San Antonio Housing Facility Corporation meeting minutes

CONSENT ITEM

4. Consideration and approval regarding Resolution 22FAC-09-19, approving the issuance of the Ravello Apartments' promissory note to Frost Bank in an amount not to exceed \$12,000,000 to be secured by a mortgage lien on the Ravello Apartments. Loan proceeds will be used to finance the acquisition and long term capital repairs and improvements at the Ravello Apartments; authorizing the execution of a asset management sub management agreement for the general partner to assume the duties and responsibilities of the Class B limited partner; authorizing the President and CEO or designee to execute all documentation necessary to carry out the transaction; and other matters in connection therewith (Timothy E. Alcott, Chief Legal and Real Estate Officer)

5. Adjournment

*Note: Whenever the Texas Open Meetings Act (Section 551.001 et seq. of the Texas Government Code) provides for a closed meeting in matters concerning legal advice, real estate, contracts, personnel matters, or security issues, the Board may find a closed meeting to be necessary. For convenience of the citizens interested in an item preceded by an asterisk, notice is given that a closed meeting is contemplated. However, the Board reserves the right to go into a closed meeting on any other item, whether it has an asterisk, when the Board determines there is a need and a closed meeting is permitted.

"Pursuant to § 30.06, Penal Code, (trespass by holder license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a concealed handgun."

"Pursuant to § 30.07, Penal Code, (trespass by holder license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a handgun that is carried openly."



MINUTES OF SAN ANTONIO HOUSING FACILITY CORPORATION MEETING

I. Call to Order:

Vice-Chair Lopez called the San Antonio Housing Facility Corporation Meeting to order at 1:40 PM CDT on September 7, 2022. The meeting was held at the Opportunity Home Central Office located at 818 S. Flores St. San Antonio, TX 78204.

Directors Present:

Chair Dr. Ana M. "Cha" Guzman (virtual), Gilbert Casillas, Dalia Contreras, Loren D. Dantzler, and Gabriel Lopez.

Adviser Present:

Doug Poneck, General Counsel.

Guests Present:

President and CEO Ed Hinojosa, Jr.; Timothy E. Alcott, Chief Legal and Real Estate Officer; Lorraine Robles, Director of Development Services and Neighborhood Revitalization.

Directors Absent:

Olga Kauffman, Ignacio Perez.

Quorum:

A quorum was established with five voting members present.

II. Public Comment

Citizens are provided three minutes each to speak to any agenda item. There were no individuals who spoke during the meeting.

III. Minutes

Director Casillas moved to approve the June 1, 2022, San Antonio Housing Facility Corporation Meeting minutes. Director Contreras seconded the motion. The motion was passed by voice vote.

Consent Items

IV. Resolution 22FAC-09-07

Consideration and approval regarding Resolution 22FAC-09-07, authorizing the Snowden Apartments transaction, including: (i) authorizing execution of all documentation necessary to carry out the transaction; (ii) authorizing execution of a ground lease (Lease) between San Antonio Housing Facility Corporation (Corporation) as "Owner" and "Landlord" and Snowden Apartments, LP a Texas limited partnership controlled by an affiliate of the Corporation (Partnership) as "Tenant", covering the project site, and all other documentation necessary to ground lease the project site to the Partnership for the purpose of supporting an award from the Texas Department of Housing and Community Affairs (TDHCA) for 9% housing tax credits to provide financing for the project development; (iii) authorizing the Corporation to serve as developer for the project and to receive a development fee from the Partnership; (iv)



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authorizing the Corporation to serve as general contractor for the project; (v) authorizing the Corporation to cause the Partnership to enter into an agreement with PNC Bank, National Association (PNC) for admission of PNC and/or its affiliates into the Partnership and investment of equity into the project (Equity Financing), with the Corporation to serve as guarantor; (vi) authorizing Snowden Apartments GP, LLC (Company) to enter the amended and restated agreement of limited partnership and related documents for Partnership; (vii) authorizing the Corporation to cause the Partnership to obtain from PNC a construction loan in the approximate amount of \$8,640,000.00 (Construction Loan) and a bridge loan in the approximate amount of \$9,930,000.00 (Bridge Loan) with the Corporation to serve as guarantor of such loans; (viii) authorizing the Corporation to provide a permanent sponsorship loan to the Partnership in the approximate amount of \$1,323,600.00 (Sponsor Loan); (ix) authorizing the Corporation to cause the Partnership to enter into a permanent subordinate loan of Moving To Work funding from the Housing Authority Of The City Of San Antonio, Texas (Housing Authority) in an amount of up to \$8,640,000, plus earned interest (Subordinate Loan); (x) authorizing the Corporation to accept from the Housing Authority assistance to the project to support the operations of fifty-four (54) of the project units through the Housing Authority's Moving To Work (MTW) authority to develop "local, non-traditional housing units" pursuant to PIH Notice 2011-45 and the second amendment to the Housing Authority's Moving To Work Agreement with HUD (the "LNT Funding"); and (xi) authorizing other matters in connection therewith (Timothy E. Alcott, Chief Legal and Real Estate Officer; Lorraine Robles, Director of Development Services and Neighborhood Revitalization)

Main Motion Regarding Item 4

Moved by Director Contreras. Seconded by Director Casillas. The motion carried with five (5) in favor and none against by a voice vote.

V. Adjournment

The meeting adjourned at 1:40 PM CDT.

ATTEST:

Ana M. "Cha" Guzman
Chair, Board of Directors

Date

Ed Hinojosa, Jr.
Secretary/Treasurer

Date

BOARD OF DIRECTORS
San Antonio Housing Facility Corporation Meeting

RESOLUTION 22FAC-09-19, APPROVING THE ISSUANCE OF THE RAVELLO APARTMENTS' PROMISSORY NOTE TO FROST BANK IN AN AMOUNT NOT TO EXCEED \$12,000,000 TO BE SECURED BY A MORTGAGE LIEN ON THE RAVELLO APARTMENTS. LOAN PROCEEDS WILL BE USED TO FINANCE THE ACQUISITION AND LONG TERM CAPITAL REPAIRS AND IMPROVEMENTS AT THE RAVELLO APARTMENTS; AUTHORIZING THE EXECUTION OF A ASSET MANAGEMENT SUB MANAGEMENT AGREEMENT FOR THE GENERAL PARTNER TO ASSUME THE DUTIES AND RESPONSIBILITIES OF THE CLASS B LIMITED PARTNER; AUTHORIZING THE PRESIDENT AND CEO OR DESIGNEE TO EXECUTE ALL DOCUMENTATION NECESSARY TO CARRY OUT THE TRANSACTION; AND OTHER MATTERS IN CONNECTION THEREWITH

DocuSigned by:



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Ed Hinojosa, Jr.
President and CEO

DocuSigned by:



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Timothy E. Alcott
Chief Legal and Real Estate Officer

REQUESTED ACTION:

Consideration and approval regarding Resolution 22FAC-09-19, approving the issuance of the Ravello Apartments' promissory note to Frost Bank in an amount not to exceed \$12,000,000 to be secured by a mortgage lien on the Ravello Apartments. Loan proceeds will be used to finance the acquisition and long term capital repairs and improvements at the Ravello Apartments; authorizing the execution of a asset management sub management agreement for the general partner to assume the duties and responsibilities of the Class B limited partner; authorizing the President and CEO or designee to execute all documentation necessary to carry out the transaction; and other matters in connection therewith.

Opportunity Home has received a letter of intent from Frost Bank to provide a loan amount equal to the lesser of \$11,750,000 or 75% of the appraised value of the property. The tax exempt bond private placement financing can be structured as either a fixed rate or variable interest rate with an option to fix the rate with an interest rate swap contract. Current indicative rates are 5.05% for a fixed rate loan and 4.50% with the floating-to-fixed interest rate contract. The final loan amount and interest rate will be set at closing for a term of ten years with a twenty-five year amortization rate. The property will serve as collateral for the loan. Opportunity Home staff also evaluated financing options with a Freddie Mac execution. However, the transaction related costs were considerably higher than those offered under the Frost Bank proposal. Additionally, Frost committed to a 70 day closing period.

FINANCIAL IMPACT:

The property is currently encumbered by a mortgage with a fixed interest rate of 6.11%. The proposed refinance will provide low cost funds to finance the acquisition of the property and fund capital repairs to the property, which will preserve this asset and extend its useful life expectancy. The proposed loan terms require a conservative loan to value of 75% and a debt service coverage ratio of 1.20. At closing, approximately \$450,000 in replacement reserve escrow funds will be released to the partnership. These funds can be used to fund ongoing

capital repairs/replacements that will preserve the long term viability of the project.

At closing the general partner will receive a subset management fee of \$88,500 (20% of the deferred development fee owed to the Class B limited partner).

SUMMARY:

The Ravello Apartments is a 252 unit, multi-family asset built in 2007 and located at 6639 S. New Braunfels Avenue, San Antonio, Texas 78223. The property was constructed under the low income housing tax credit program, at a total development cost of \$24,021,000. A component entity of Opportunity Home San Antonio serves as the current general partner. The initial 15 tax credit period will end in December 2022. The Opportunity Home San Antonio Board previously approved staff's recommendation to acquire the limited partnership interest in the property using MTW funds. The existing lender would not consent to the transfer of ownership interests without underwriting the transfer and payment of a 1% transfer fee (approximately \$114,000). The current mortgage rate of 6.11% is above market. Therefore, a refinance of the debt makes economic sense. The refinance and acquisition of the limited partnership interest will occur simultaneously. Upon completion of the refinance, component entities will own 100% of the asset. The original land use restriction agreement (LURA) recorded in 2007 restricts all units at 60% AMI. However, Opportunity Home San Antonio can opt to rent to individuals with AMIs below 60%. The property currently has 60 Section 8 voucher holders residing at the property.

STRATEGIC OUTCOME:

Opportunity Home San Antonio residents have a sufficient supply of affordable housing options. Opportunity Home San Antonio residents live in quality affordable housing.

ATTACHMENTS:

Resolution 22FAC-09-19
Presentation

**San Antonio Housing Facility Corporation
Resolution 22FAC-09-19**

RESOLUTION 22FAC-09-19, APPROVING THE ISSUANCE OF THE RAVELLO APARTMENTS' PROMISSORY NOTE TO FROST BANK IN AN AMOUNT NOT TO EXCEED \$12,000,000 TO BE SECURED BY A MORTGAGE LIEN ON THE RAVELLO APARTMENTS. LOAN PROCEEDS WILL BE USED TO FINANCE THE ACQUISITION AND LONG TERM CAPITAL REPAIRS AND IMPROVEMENTS AT THE RAVELLO APARTMENTS; AUTHORIZING THE EXECUTION OF A ASSET MANAGEMENT SUB MANAGEMENT AGREEMENT FOR THE GENERAL PARTNER TO ASSUME THE DUTIES AND RESPONSIBILITIES OF THE CLASS B LIMITED PARTNER; AUTHORIZING THE PRESIDENT AND CEO OR DESIGNEE TO EXECUTE ALL DOCUMENTATION NECESSARY TO CARRY OUT THE TRANSACTION; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the Housing Authority of the City of San Antonio, Texas D/B/A Opportunity Home San Antonio ("Opportunity Home"), has, pursuant to the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the "Act"), approved and created the San Antonio Housing Facility Corporation, a nonstock, nonprofit public facility corporation (the "Issuer"); and

WHEREAS, Opportunity Home and the Issuer approved on October 12, 2022, a tax-exempt loan from Frost Bank ("Frost") to finance the rehabilitation and improvement of a 252-unit multifamily housing facility located at 6639 S. New Braunfels Avenue, San Antonio, Texas 78223, known as The Ravello Apartments (the "Project"); and

WHEREAS, the tax-exempt loan will be made pursuant to a Loan Agreement between The Ravello Apartments and/or the San Antonio Housing Facility Corporation and Frost dated on or before November 30, 2022, and a Promissory Note (the "Promissory Note") in the original principal amount not to exceed \$12,000,000 payable to Frost, which will be secured by a Deed of Trust, Security Agreement – Financing Statement, and various closing documents, such as a Replacement Reserve and Security Agreement, Arbitration and Notice of Final Agreement and a Private Placement Letter (collectively, the "Loan Documents"); and

WHEREAS, the Promissory Note may be issued in a fixed rate or variable rate format and sold to Frost upon the terms and conditions outlined in the term sheet submitted by Frost; and

WHEREAS, in the event a variable rate Promissory Note is executed, it will be swapped to a fixed rate pursuant to an ISDA Master Agreement and other associated documents entered into with Frost (the "Swap Documents"); and

WHEREAS, Frost is requiring the Board of Directors of the Issuer (the "Board") to specifically approve the Loan Documents and, if necessary, the Swap Documents and requiring the Board to hire a financial advisor regarding the Swap; and

WHEREAS, if necessary, the Board will select Hilltop Securities ("Hilltop") as its financial advisor for the Swap based upon its prior relationship with Hilltop; and

WHEREAS, the Issuer is authorized to borrow proceeds received pursuant to the Promissory Note, the Issuer is authorized to issue the Promissory Note, Opportunity Home has approved the issuance of the Promissory Note in accordance with the Act; and

WHEREAS, the Board hereby authorizes the Issuer to borrow proceeds pursuant to the Promissory Note in an amount not to exceed \$12,000,000 for the purpose of providing funds for the Project, and paying the costs of issuing the Promissory Note, all pursuant to and in accordance with the terms and conditions provided under the Loan Documents; and

WHEREAS, the Promissory Note is a special, limited obligation of the Issuer and the obligations of the Issuer shall never constitute an indebtedness, an obligation, or a loan of credit of the State of Texas, Opportunity Home, the County of Bexar, Texas, the City of San Antonio, Texas, or any other political subdivision of the State of Texas, with the meaning of any constitutional provisions or statutory limitations; and

WHEREAS, this Board of Directors has reviewed the foregoing and determined that the action herein authorized is in furtherance of the corporate purposes of the Issuer and that the terms and conditions of the Promissory Note and the above-described instruments, including without limitation the dates, interest rates, maturities, redemption terms and sales price of the Promissory Note and the manner of disbursing the proceeds thereof are advisable.

BE IT THEREFORE RESOLVED by the Board of Directors of San Antonio Housing Facility Corporation, hereby approves:

1. The terms of the Loan Documents, and if applicable, the Swap Documents are hereby approved.
2. The issuance of the Promissory Note, the Swap Documents, the Loan Documents are hereby authorized and approved, and the President, any Vice President, the Secretary/Treasurer, any Assistant Secretary/Treasurer or any of them, of the Issuer, are hereby authorized and directed to execute (to the extent required to be executed or acknowledged by the Issuer) and deliver (or to accept, as the case may be), the Swap Documents, Loan Documents, and any and all certificates (including tax certificates) and other instruments described therein upon the conditions therein described or necessary or desirable in connection with the issuance of the Promissory Note, all upon the terms herein approved, and the executing officer is authorized to negotiate and approve such changes in the terms of each such instrument as such officer shall deem necessary or appropriate upon the advice of counsel to the Issuer, and approval of the terms of each such instrument by such officer and this Board shall be conclusively evidenced by the execution and delivery of such documents. The Issuer is authorized to hire Hilltop Securities as its financial advisor regarding the Swap.
3. The Promissory Note in the principal amount not to exceed \$12,000,000 in substantially the form and substance set forth in the Loan Documents, is hereby approved, and the President, the Vice President, the Secretary/Treasurer and each Assistant Secretary/Treasurer, or any of them, are hereby authorized and directed, for and on behalf of the Issuer, to execute the Promissory Note or have their facsimile

signatures placed upon it, and the signatures of such officers are hereby authorized and directed to be affixed or placed in facsimile on the Promissory Note.

4. All action not inconsistent with provisions of this Resolution heretofore taken by this Board of Directors and the officers of the Issuer directed toward the financing of the Project and the issuance of the Promissory Note shall be and the same hereby is ratified, approved and confirmed. The officers of this Board, or any of them, are authorized to take any and all action necessary to carry out and consummate the transactions described in or contemplated by the instruments approved hereby or otherwise to give effect to the actions authorized hereby and the intent hereof.
5. After the Promissory Note is issued, this Resolution shall be and remain irrevocable until the Promissory Note or interest thereon shall have been fully paid or provisions for payment shall have been made pursuant to the Indenture.
6. Cantu Harden LLP has been engaged as legal counsel and Bond Counsel to the financing.
7. If any section, paragraph, clause, or provisions of this Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.
8. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.
9. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.
10. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.
11. This Resolution shall be in force and effect from and after its passage.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of San Antonio Housing Facility Corporation, hereby:

- 1) Approves Resolution 22FAC-09-19, approving the issuance of the Ravello Apartments' promissory note to Frost Bank in an amount not to exceed \$12,000,000 to be secured by a mortgage lien on the Ravello Apartments. Loan proceeds will be used to finance the acquisition and long term capital repairs and improvements at the Ravello Apartments; authorizing the execution of a asset management sub management agreement for the general partner to assume the duties and responsibilities of the Class B limited partner; authorizing the President and CEO or designee to execute all documentation necessary to carry out the transaction; and other matters in connection therewith.

- 2) Authorizes the Secretary/Treasurer or designee to execute all necessary documents and extensions.

Passed and approved the 12th day of October 2022.

Ana M. "Cha" Guzman
Chair, Board of Directors

Attested and approved as to form:

Ed Hinojosa, Jr.
Secretary/Treasurer

RAVELLO APARTMENTS

October 12, 2022







Exterior

Interior Common Areas



Questions?